



Trinity College Dublin
Coláiste na Tríonóide, Baile Átha Cliath
The University of Dublin

HANDBOOK

FOR

AUDIT COMMITTEE MEMBERS

Updated: October 2024

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1. INTRODUCTION

PURPOSE OF HANDBOOK

This Handbook is intended to assist the induction and orientation of new members appointed to the Audit Committee and to function as a reference source for all members. The Handbook highlights key issues of relevance to Audit Committee members.

The Audit Committee is a Principal Committee of Board. Its main functions are to review significant financial reporting issues and to review the scope and effectiveness of the University's internal controls, including its risk management systems.

Along with the Handbook, all new external appointees to the Audit Committee receive a letter from the Secretary to the Audit Committee setting out the term of the appointment, estimated time commitment per annum, a brief narrative on the collective responsibility of the Audit Committee, the importance of confidentiality and a reference to the University insurance arrangements for Directors and Officers.

Any comments or queries should be sent to the Secretary to the Audit Committee:
(Fiona Mc Auliffe): email: fmcaulif@tcd.ie

2. GOVERNANCE

GOVERNANCE OBLIGATIONS

Governance comprises the systems and procedures under which organisations are directed and controlled. Trinity College Dublin is committed to maintaining high standards of corporate governance and has put in place the appropriate governance structures consistent with such objectives.

The University must comply with all relevant legislation, the latest being the Higher Education Authority Act 2022. The University must also comply with the requirements set out in the Code of Governance for Irish Universities 2019, which provides a framework for the application of best practice in corporate governance by universities.

UNIVERSITY CODE OF GOVERNANCE

The Trinity College Dublin Code of Governance is based on a template agreed by the Higher Education Authority and the Irish Universities Association. The Trinity College Dublin Code of Governance, approved by Board in 2021, is available at the following link: <https://www.tcd.ie/about/legislation/assets/2021-Code-Governance.pdf>

The regulatory requirements specific to the university sector are set out on pages 6 to 12 of the Code. The most relevant sections for the Audit Committee are:

Section 7.2 & 7.3	Risk Management and Internal Control
Section 7	Audit Committee
Section 7.8 – 7.11	Internal Audit Functions
Section 6	Reporting Arrangements*

*Particularly 6.6 which requires a Board statement on internal control to be included in the annual financial statements

BOARD STATEMENT ON GOVERNANCE AND INTERNAL CONTROL

The most recent statement is included in the financial statements available at <https://www.tcd.ie/financial-services/financial-statements/>

The Statement acknowledges the responsibility of the Board for all internal controls including financial, operational and compliance controls and the risk management system that support the achievement of the University's objectives. Also outlined are the processes and procedures in place to ensure that there is a proper control environment and confirmation that they were in place in the financial year.

The statement also specifies that no weaknesses in internal control were identified resulting in material losses, contingencies or uncertainties requiring disclosure in the financial statements or the auditor's report on the financial statements. The Statement is reviewed by both the statutory auditors and the Board appointed auditors in the course of their work.

The Board relies on assurances to assess the effectiveness of the University's internal control system to prepare the annual Statement of Governance and Internal Control as required under 2.6 of the Code of Governance.

The three primary sources of assurance relied upon by Board when making the statement are:

- The Provost, supported by the Executive Officers' Group, in respect of issues arising across the academic and administrative functions following written assurances from all Heads of Area.
- The Board Representatives in respect of issues arising at Principal Committees.
- The Audit Committee in respect of issues arising through its work via Internal and External Audit, and its opinion on internal control as reported in the Annual Report to Board.

TRINITY STRATEGIC PLAN

This is the high-level plan that sets out the aspirations and specific targets for the University. An understanding of the strategic plan is important for Audit Committee members in order to understand the vision and mission of the University and in assessing reports presented to the Audit Committee for consideration.

The strategic plan sets out specific targets to be achieved and the key supports to be in place to enable the strategy. The importance of good governance is recognised in the Strategic Plan under Priority 3: Community and effective organisation.

The most recent Strategic Plan for the University is available at <https://www.tcd.ie/strategy/>

RISK MANAGEMENT

The University has developed a Risk Management Policy which was approved by the Board in June 2023, and is available at: <https://www.tcd.ie/media/tcd/about/policies/pdfs/Risk-Management-Policy.pdf>

There is a specific reference to the role of the Audit Committee and Internal Audit, as follows:

The Audit Committee is responsible for noting in its meeting pack any papers that the RMG are submitting to the Board. The Audit Committee should consider and monitor at a high level the effectiveness of processes for managing risk. The Committee should have risk management as a frequent agenda item at its meetings and should share information with the Board, Internal Audit, and the Chief Risk Officer regarding the effectiveness of the risk management system. The Audit Committee should:

- *Review and monitor the effectiveness of the system of risk management.*
- *Approve the Risk Based Internal Audit Plan.*
- *Provide guidance to the Internal Audit function focusing on key areas for review.*
- *Support the Risk Management function bringing risk matters to their attention.*

The requirement for a robust system of risk management is set out explicitly in the Code of Governance Section 7.1 & 7.2.

Since the last approval of the Risk Management Policy, a Risk Management Committee has been established as a Principal Committee of the Board. The Risk Management Committee is responsible for advising Board on all matters of policy and oversight matters relating to risk in University, and for oversight of compliance matters in University including Safety, Remuneration, and the Irish language.

See the following link for more information: <https://www.tcd.ie/committeepapers/principal-committees-of-board/risk-and-compliance-committee/>

LISTING OF LEGISLATION

The legislation considered to be most relevant to the University is listed at: <https://www.tcd.ie/about/legislation/>

In addition, a short summary of legislation of particular relevance to staff and students of the University is available at: <https://www.tcd.ie/about/legislation/summary/>

LISTING OF POLICIES

Information on University policies is available at: <https://www.tcd.ie/about/policies/>

ACRONYMS IN COMMON USE

A list of acronyms in common use is available at:

<https://www.tcd.ie/internalaudit/assets/pdf/Acronyms.pdfh>

3. ORGANISATION STRUCTURE

TRINITY ORGANISATION STRUCTURE

The University is a large complex organisation with many varied academic and administrative activities. The principles of collegiality and academic pre-eminence, which underpin the Universities governance are intended to enable widespread participation by members of the University community in its decision-making. Authority and responsibility for spending and budgets are devolved at a local level.

Legislation specifically stipulates that the University should have a governing authority (Board) and an Academic Council. It describes in broad terms the composition of the Board, the functions of the Board and provides for Board to delegate some of its functions to Committees.

The University structure is divided into Academic and Administrative & Support areas with appropriate Executive and Governance structures in place to support delivery of University objectives. Please see here the following link for more information on the University Leadership team <https://www.tcd.ie/provost/college-leadership/>

The Academic structure of the University is comprised of three Faculties, which are comprised of individual Schools. Each Faculty is led by an elected Dean and the school is led by an elected Head of School.

- Faculty of Arts, Humanities & Social Sciences
 - School of Business
 - School of Creative Arts
 - School of Education
 - School of English
 - School of Histories and Humanities
 - School of Languages, Literatures and Cultural Studies
 - School of Law
 - School of Linguistic, Speech and Communication Sciences
 - School of Psychology
 - School of Social Sciences and Philosophy
 - School of Social Work and Social Policy
 - School of Religion, Theology and Peace Studies

- Faculty of Science, Technology, Engineering and Mathematics; and Faculty of Health Sciences
 - School of Biochemistry and Immunology
 - School of Chemistry
 - School of Computer Science and Statistics
 - School of Engineering
 - School of Genetics and Microbiology
 - School of Mathematics
 - School of Natural Sciences
 - School of Physics

- Faculty of Health Sciences
 - School of Dental Sciences
 - School of Medicine
 - School of Nursing and Midwifery
 - School of Pharmacy and Pharmaceutical Sciences

The Administrative & Support structure of the College is comprised of the Provosts Directorate, led by the Provost; the Academic Services Division, led by the Vice Provost / Chief Academic Officer; Corporate Services Division, led by the Chief Operating Officer; and the Financial Services Division, led by the Chief Financial Officer.

Further detail on the organisation structure of the University is available at:
<http://www.tcd.ie/provost/trinity-structure/>

BOARD

Board (Governing Authority) has the ultimate authority in the University and is accountable to all University stakeholders. To allow the Board to focus on high level policy development and on the future direction of the University, in accordance with good governance practice, the Board has agreed that decision-making should be delegated, within defined parameters, to Principal Committees.

With effect from September 2023, the Board (of 25 members) is comprised as follows:

- 10 External Members: The Chairperson and Nine Members, of which three are nominated by the Minister
- The Provost
- Six Members elected by the Fellows, including the Vice-Provost/Chief Academic Officer *ex officio*
- Three Members elected by the Academic Staff who are not Fellows
- Two Members elected by the Professional, Technical, Administrative and Support Staff
- Three student union members.

Management of the University and implementation of Board decisions is the responsibility of designated individuals including the Provost, Executive Officers and Annual Officers.

PRINCIPAL COMMITTEES

Committees do not have a management or implementation role but instead monitor the implementation of policy decisions on behalf of Board. All Principal Committees are expected to review their own performance and terms of reference one per year and report their findings and any recommendations for change to the Board.

The current Principal Committees of Board are:

- Audit Committee
- Finance Committee
- Critical Infrastructure Committee
- People & Culture Committee
- Environment & Sustainability Committee
- Risk & Compliance Committee

Detailed information on each Committee, including Terms of Reference and membership can be found at <https://www.tcd.ie/committeepapers/principal-committees-of-board/>

UNIVERSITY COUNCIL

The University Council is the academic council of the University, and subject to financial constraints, is responsible for College's academic affairs including curriculum development and academic appointments. Council sets policy and makes decisions on behalf of Board on such measures as are necessary for the promotion and encouragement of teaching, scholarship and research.

Academic Committees of Council are established to assist the Council in the performance of its functions. The current Academic Committees are:

- Global Engagement Committee
- Graduate Studies Committee
- Research Committee
- Student Life Committee
- Undergraduate Studies Committee

Council has also established one Compliance Committee – Quality Committee.

Detailed information on Council and its Committees, including Terms of Reference and membership can be found at <https://www.tcd.ie/committeepapers/council/>

PROVOST

The Provost is the Chief Officer of the University and is responsible for the executive management of the University and its day-to-day direction. The responsibilities of the Provost in relation to Board business include implementing the decisions of the Board or ensuring that they are implemented through the senior management team. The Provost is also the Chief Accounting Officer for the purposes of accountability for public funds.

The Provost is elected by the academic community from a panel of applicants following a public advertisement and shortlisting process. The Provost holds office for a maximum term of ten years.

EXECUTIVE OFFICERS GROUP

The Executive Officers Group is the senior management team, chaired by the Provost whose members include the Vice-Provost/Chief Academic Officer, Dean of Research, Bursar/Director of Strategic Innovation, Vice-President for Global Relations, Chief Operating Officer, Chief Financial Officer, Faculty Deans, and certain Heads of Administration. A full list of Executive Officers Group is available in the Management Structure Handbook (2018): <https://www.tcd.ie/Secretary/governance/>

COLLEGE OFFICERS

College Officers are nominated by the Provost and their appointment is approved by the Board. A full list of college leadership is available at: <https://www.tcd.ie/provost/college-leadership/>

TRINITY RESEARCH INSTITUTES

Trinity Research Institutes (TRI's) are research groupings that focus on strategic priorities of the University and are recognised as long-term strategic initiatives. TRIs occupy substantial space, have significant administration and technical staffing levels. To be granted TRI status the research programme will have been endorsed by an external independent evaluation in an international context. Though closely related with one or more Schools, TRIs enjoy a semi-autonomous status in the University outside the normal School and Faculty governance structure.

Within the Academic structure there are five Trinity Research Institutes (TRIs) as follows:

- Centre for Research on Adaptive Nanostructure and Nanodevices- CRANN
- Trinity College Institute of Neuroscience- TCIN
- Institute for International Integration Studies - IIIS
- Trinity Long Room Hub - TLRH
- Trinity Biomedical Sciences Institute – TBSI

The University also has a joint institute with St James Hospital – Trinity St James Cancer Institute.

4. FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements are prepared in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP) - Accounting for Further and Higher Education (2019), issued by the Further and Higher Education (FE/HE) SORP Board in the UK, which has been voluntarily adopted by the University. The University is a public benefit entity and therefore has applied the relevant public benefit requirements of the applicable accounting standards.

The consolidated financial statements of the Group include the University and its subsidiary undertakings (as defined by the SORP). The Financial Statements report all activities of the University and its subsidiary undertakings in the Income and Expenditure account and Balance Sheet and are akin to statements published by commercial entities.

The Consolidated Financial Statements are available at: <https://www.tcd.ie/financial-services/financial-statements/>

US GAAP ACCOUNTS (GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

The University is obliged to prepare US GAAP financial statements because of its involvement with the US Federal Student Aid Program since the enactment of legislation by the US Government in 2011. These financial statements are prepared only for the purpose of satisfying the requirements of the US Department of Education and are not made available to other parties.

The financial statements are an amended version to take account of different accounting treatments of certain issues and the reconciling items between the two are brought to the attention of the Audit Committee prior to approval by Board.

Based on the current number of US students, Trinity is required to prepare US GAAP accounts every third year only and there is no requirement for comparative figures. If the number of US students increases beyond certain thresholds, this requirement will increase to annually.

EXTERNAL AUDITORS

The University is subject to audits by both the statutory auditors and by Board appointed auditors. The statutory auditor for the University is the Comptroller & Auditor General (C&AG) whose role is provided for in the relevant Legislation. The Board appointed auditors are selected by a periodic public tender process undertaken by the Audit Committee on behalf of the Board.

The role of the Audit Committee in relation to external auditors is set out in the Audit Committee Terms of Reference at: <https://www.tcd.ie/committeepapers/principal-committees-of-board/audit-committee/>

Sections 4.11 to 4.16 relate to the Board appointed auditor and Sections 4.17 to 4.18 relate to the Comptroller and Auditor General.

The Audit Committee has agreed procedures with the C&AG and the Board appointed auditors in relation to their audits. In reaching an audit opinion, the C&AG relies on audit work done by the Board appointed auditors. The procedures also allow for communication and input into the audit planning process by the C&AG. The C&AG audit often extends into areas not normally covered in the financial audit by the Board appointed auditors.

To ensure that the auditors remain independent in the fulfilment of their duties the Audit Committee has developed a policy on Auditor Rotation, in the event of an incumbent winning the tender, the Audit Committee has also developed a policy on the provision of non-audit services by the external auditors.

The policies are available at http://www.tcd.ie/Internal_Audit/

ENDOWMENT FUND

The Trinity Endowment Fund is a collection of individual funds, each of which represents a benefaction to the University. They are permanent and expendable endowment funds that provide financial support to specific University activities. Permanent endowment funds are those where the capital is required to be permanently maintained. The individual funds are invested through units in a common investment scheme which has been approved by the Charities Regulatory Authority under Section 46 of the Charities Act 1961. The Trustees of the Endowment funds are the Provost, Fellows & Scholars of Trinity College with, in most cases, persons nominated under the specified trusts who are responsible for the pursuance of the specified objectives of individual funds.

SUBSIDIARIES

The University has subsidiary undertakings with the following four entities:

- Ghala Designated Activity Company:
The principal activity of the company is the construction and refurbishment of University properties. The University owns 100% of the share capital of this company.
- Trinity Online Services Company Limited by Guarantee:
The principal activity of the company is the advancement of education through the development and provision of a range of online education courses for the University. All Board Members of this company are appointed by the University.
- Trinity Asia Services Pte. Limited:
The company is limited by shares and was incorporated on 25 April 2017. The principal activity of the company is the teaching of University students in Singapore. The University owns 100% of the share capital of this company.
- Trinity Brand Commercial Services Limited:
The principal activity of the company is the commercialisation of the Trinity brand and intellectual properties. The University owns 100% of the share capital of this company.

The following four entities are also considered to be subsidiary undertakings of the University in accordance with the SORP definition of control. Their activities are exclusively for the benefit of the University.

- Trinity Foundation:
A charity Trust established with the objective of raising funds to support the development of the University. Trinity Foundation is the philanthropic office of the University and was established in 1994 as an independent charity in the Republic of Ireland.
- Trinity College Dublin Trust:
The Trinity College Dublin Trust was established in 1955. The aim of this Trust is to augment endowments of the University, and to make grants to the University for the promotion of research or education in its widest sense.

- Trinity College Dublin Association:
Trinity College Dublin Association exists to foster contacts between its members and Trinity College Dublin and to support the University inter alia by promoting the purposes of the Trinity College Dublin Trust.
- The University of Dublin Fund:
This Trust was established to support the educational purposes of the University both in Ireland and the United States. The Fund allows alumni and friends of Trinity, in the United States, to financially support the educational purposes of the University.

5. INTERNAL AUDIT

DEFINITION OF INTERNAL AUDIT

The Institute of Internal Auditors defines Internal Audit as *'an independent, objective assurance and consulting activity designed to add value and improve an organisations operations'*.

INTERNAL AUDIT CHARTER

The purpose, authority and responsibilities of the Internal Audit function have been formally defined in the Internal Audit Charter, approved by the Audit Committee and are consistent with the Definition of Internal Auditing, Code of Ethics and Standards of the Institute of Internal Auditors (IIA).

Internal Audit is independent of the management of the University. The Internal Auditor reports directly to the University's Audit Committee, a Principal Committee of Board, on professional matters. The function is attached to the Secretary's Office for administrative purposes only.

The Internal Audit Charter is available at:

https://www.tcd.ie/internalaudit/assets/pdf/InternalAuditCharter_Feb2021.pdf

INTERNAL AUDIT ANNUAL PLANNING

An Internal Audit Annual Plan is prepared by the Internal Auditor on a calendar year basis, following a comprehensive risk-based approach. The IA Annual Plan is brought to the Audit Committee in December of each year for approval and regular updates on progress against this Plan are brought to the Audit Committee throughout the year.

All the University's activities, funded from whatever source, fall within the remit of Internal Audit, the scope of which is not confined solely to financial matters. Internal Audit may consider any of the activities of the University in all areas, including subsidiary or associated undertakings controlled by the University.

INTERNAL AUDIT PROCESS

Internal Audits are undertaken in line with the Standards of the Institute of Internal Auditors (IIA). Each internal audit assignment is subject to detailed planning and risk assessment prior to undertaking fieldwork. The results of this fieldwork are documented in an Internal Audit Report which is provided, in draft, to relevant management for their considered response. The final Internal Audit Report, incorporating management responses, is then presented to the Audit Committee for their agreement.

6. AUDIT COMMITTEE

RELATIONSHIP WITH INTERNAL AUDIT

The Internal Audit function, led by the Internal Auditor, reports on an administrative basis to the College Secretary. Functionally, and for the purposes of all Internal Audit activities, the Internal Audit function reports to the Audit Committee.

In addition to Audit Committee approval of the Internal Audit Annual Plan, all reports prepared by the Internal Audit function, arising from their review of the internal control environment across the University, are brought to the Audit Committee for agreement.

All recommendations arising from Internal Audit reports are collated and tracked via the Audit Recommendations Log. Divisional Heads attend the Audit Committee twice a year to provide an update on the progress of the implementation of these recommendations. This update is collated by Internal Audit and aged analysis is provided for the information of the Committee. Following this update, Internal Audit undertake a sample-based verification exercise of recommendations reported as Complete / Risk Accepted.

TERMS OF REFERENCE

The Terms of Reference for the Audit Committee set out the objectives of the committee, membership details, meetings arrangements, its duties in pursuance of its objectives, its authority and highlights the importance of monitoring its own performance on an annual basis. The Terms of Reference of the Audit Committee are reviewed on an annual basis with any changes deemed necessary recommended to Board for approval.

The full Terms of Reference are available at: <https://www.tcd.ie/media/tcd/committee-papers/downloads/audit-committee/terms-of-reference/Audit-Committee-Terms-of-Reference---September-2022.pdf>

OBJECTIVES OF THE AUDIT COMMITTEE

The Audit Committee is a Principal Committee of the Board. Its main objective is to assist Board in fulfilling its functions by providing independent and timely advice to Board on areas within its remit.

The main functions of the Audit Committee are:

- To review the significant financial reporting issues and judgements made in connection with the University's financial statements and reports.
- To review the scope and effectiveness of the University's internal controls including financial, operational and compliance controls (including systems established by management to identify, assess, manage and monitor key risks, both financial and operational, taking account of the key objectives of the University as contained in the Strategic Plan).

AREAS OF FOCUS FOR THE AUDIT COMMITTEE

In fulfilling its objectives, the Audit Committee focuses its activities in key areas:

- Financial Reporting
- Internal Control and Risk Management
- Compliance
- Internal Audit
- External Auditors & Comptroller & Auditor General

MEMBERSHIP

There should be no less than four members of the Committee, at least one of whom must be an external member. The Chairperson of the Audit Committee should be an external member.

The three University members are comprised of one Board member, one member of the University staff and one former Senior Annual Officer. Current Membership is detailed at: <https://www.tcd.ie/committeepapers/principal-committees-of-board/audit-committee/membership/>

As a Principal Committee of Board, members are required to exercise high standards of professional and ethical conduct in the interests of the Committee and the University.

The Code of Conduct for members of Principal Committees is detailed in Appendix G of the University Code of Governance.

MEETINGS & PAPERS

The current schedule of meetings is available at

<https://www.tcd.ie/committeepapers/principal-committees-of-board/audit-committee/>

Papers for Audit Committee meetings are distributed by Internal Audit one week in advance of each meeting via Decision Time. Decision Time is a software application that allows for paperless distribution of relevant documents and is accessed via secure log-in. Audit Committee members can access the papers for meetings online or offline from any location.

AUDIT COMMITTEE ANNUAL REPORT

The Audit Committee Annual Report to the Board provides an overview of the work of the Committee throughout the year. In addition, the Annual Report includes observations of the Committee that it wishes to bring to the attention of Board and an overall opinion on the internal control environment of the University.

The Audit Committee Annual Report generally finalised and presented to Board at the March meeting, to ensure in line with the provision of financial statements. This ensures Board has the Audit Committee's opinion on internal control when it is presented with the Financial Statements for approval.

SELF-EVALUATION OF PERFORMANCE

The Audit Committee Terms of Reference provide for an annual self-evaluation of its performance. This review considers the performance of the Committee and potential improvements.